

SENATE BILL REPORT

SB 5585

As of February 19, 2009

Title: An act relating to tax relief to promote employer-assisted housing.

Brief Description: Concerning tax relief to promote employer-assisted housing.

Sponsors: Senators Jacobsen, Kohl-Welles and Keiser; by request of Housing Finance Commission.

Brief History:

Committee Activity: Financial Institutions, Housing & Insurance: 2/18/09.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & INSURANCE

Staff: Philip Brady (786-7460)

Background: The Washington State Housing Finance Commission (Commission) was created in 1983 to act as a financial conduit that, without lending the credit of the state, can issue nonrecourse revenue bonds; participate in federal, state, or local housing programs; make additional funds available at affordable rates to help provide housing throughout the state; and encourage the use of Washington forest products in residential construction.

The business and occupations tax (B&O tax) is imposed on the gross receipts of business activities conducted within the state without any deduction for the costs of doing business. The tax is imposed on the gross receipts from all business activities conducted within the state.

Summary of Bill: The Employer-Assisted Housing Program (the program) is created within the Commission. It is an account designated to receive and hold funds contributed by employers to assist its employees with housing. Benefits are paid out to employees on a first in time basis, and may be used for down payment assistance, closing cost assistance, rental assistance, and other assistance that the employer or the Commission deems necessary for the employee to obtain affordable housing. Employers contributing under this section must designate a qualified beneficiary entity. Qualified entities include nonprofits, school districts, and other public entities. If the employer fails to appoint an entity, the Commission may. If an employer's contributions are not exhausted within 36 months, remaining funds may be directed to employees of the designated qualified beneficiary entity.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The Commission must retain records for at least ten years and report to the Legislature annually. The Joint Legislative Audit and Review Committee must evaluate the program after 36 months.

Employers are allowed a credit against B&O taxes equal to 50 percent of contributions to the program. Credits are capped statewide at \$1 million, and at \$200,000 per employer. Credits may not be claimed until the first fiscal year where the projected state General Fund revenue is at least 3 percent greater than that of 2008.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: There is a significant need for employers to attract and retain employees across the state. One way to do this is to make sure employees have affordable housing. This is based on a successful Illinois program, and would help employers. King, Pierce, and Snohomish Counties are some of the least affordable places to live in the United States. This program brings another player to the affordable housing table, and is a wise investment. Both large and small businesses have expressed an interest in the program.

Persons Testifying: PRO: Kim Herman, Housing Finance Commission; Adrienne Quinn, Seattle Office of Housing.